OIL SANDS MEDIA MONITORING REPORT

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CanadaWest FOUNDATION

Our Vision
A dynamic and prosperous West in a strong Canada.

Our Mission
A leading source of strategic insight, conducting and communicating non-partisan economic and public policy research of importance to the four western provinces and all Canadians.

Overview

This first review of national and international coverage of Alberta's oil sands covers the month of May 2009. Coverage of the oil sands during this time, both in traditional and internet media (i.e., blogs and environmental websites) revealed several trends.

The greatest source of criticism towards the oil sands comes from their environmental impact. In national, international and internet coverage, negative stories on the environment outnumbered both positive and neutral environmental stories combined. Environmental websites are fast to target the oil sands, driving up negative coverage on the web. Protests of potential water contamination lead to negative coverage within Canada. Legislation being passed in California and debated in Washington, DC has carbon emissions high on the agenda in North America, drawing attention to the higher-than-average well-to-wheel emission rate of oil from the oil sands.

Economically, oils sands news was better in May. Positive economic stories outnumbered negative economic stories in all categories. The good economic news was primarily driven by Imperial Oil's decision to move forward with its Kearl project.

Of particular note this month was the KAIROS delegation, a group of church leaders who toured the oil sands from May 21–27. The announcement of the Christian church leaders' plans to assess the oil sands, their economic importance and impact on the environment generated a great deal of interest, which in turn called attention to the oil sands themselves. Also, the Cambridge Energy Research Associates and the Council on Foreign Relations released reports on the oil sands that seized a great deal of media attention: the report from CERA claims that the oil sands are vital to US energy security, although with a 5-15% higher rate of carbon emissions, while the CFR report states that the oil sands are neither the silver bullet for energy security nor the climate change scapegoat that they are claimed to be.

Methodology

The media monitoring process used for this report made use of the Google search engine's Google Alerts feature. Each day, the Google engine searched the internet for related stories and delivered the hits in an email. Three search terms were used to guide the internet searches: "oil sands," "oilsands" (there being some debate on whether it is one word or two) and "tar sands." The vast majority of sites criticizing the oil sands use the more pejorative term "tar sands," so in order to receive a more complete snapshot of public opinion the term had to be included in the search. Also included in the search was the French term for oil sands, "sables bitumineux."

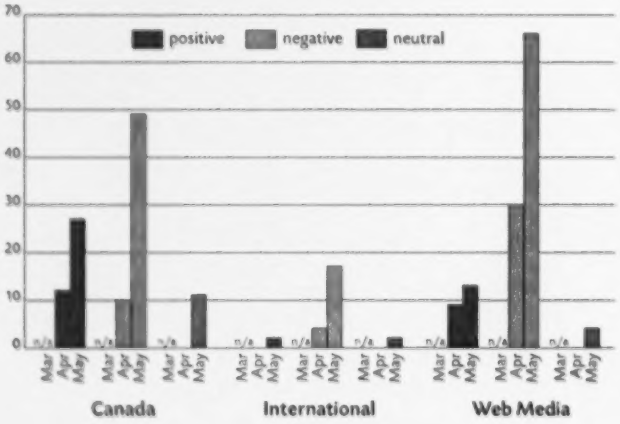
This process brought in several hundred items: once re-posts and stories not connected or only peripherally connected to the oil sands were weeded out, there remained a total of 283 stories over the course of May, 2009. These stories were gathered from blogs and environmental websites and Canadian and international media reaching audiences from Airdrie to New York to Norway.

The stories were analyzed and broken into two categories: environmental and economic. Stories that portrayed the oil sands in a positive light through their contribution to the Canadian economy, value to energy security or advances in efficiency, or stories in which corporations and governments defend the development of the oil sands were classified as "positive." Stories whose focus was on the costs of oil sands development such as carbon emissions, water use, job loss or falling stock prices, or stories that called attention to such costs without also presenting the benefits of the oil sands were classified as "negative." Stories that discussed the oil sands without comment on their costs or benefits, or which discussed both equally, were classified as "neutral."

Environmental

Based on media coverage, the greatest challenge to the image of the oil sands is the impact of development on the environment. Critics brand the oil sands as "the dirtiest oil on Earth." Greenpeace UK referred to the oil sands as "one of the most destructive fuel sources possible." Internet stories skewed the most harshly

Environmental stories (March-May 2009)



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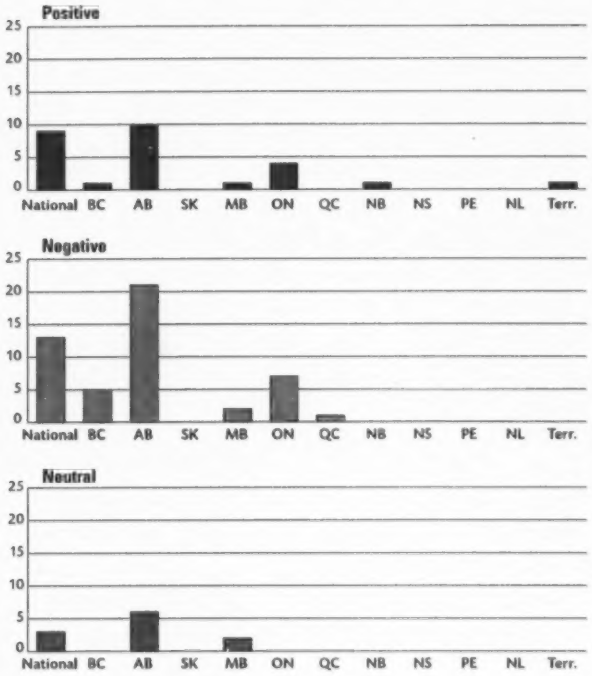
Environmental stories by region (May 2009)



negative, with five negative stories for every one positive story. The Canadian media had by far the most positive stories on the oil sands and the environment, but negative stories still outnumbered them two to one.

While the international press had the smallest number of negative environmental stories, it also had the highest proportion of negative to positive and/or neutral. Over the month of May there were 17 negative stories on the oil sands' impact on the environment, and only two positive and two neutral stories. The two positive stories did not defend the oil sands' environmental record: one was a Reuters US piece on the failure of a Greenpeace motion to pull the Norwegian oil corporation Statoil out of the oil sands, while the other covers opposition from the Governor of Wyoming to low-carbon fuel standards, such as the one recently passed in California.

Breaking down the Canadian media stories by region shows some interesting results. The largest number of stories on the oil sands and the environment come from Alberta, followed by national outlets such as the Globe and Mail, National Post and CBC News. Alberta, typically a staunch supporter of the oil sands (the latter half of April 2009, for example, had only one negative environment-based story), has the highest number of negative environmental stories with 21 negative as opposed to 10 positive and six neutral. This extra surge of Alberta-based negative stories comes from coverage of protests by northern Alberta First Nations communities and the government of the Northwest Territories against possible water contamination by the oil sands, as well as the KAIROS group's recommendations of government intervention in oil sands development.

Positive stories on the oil sands and the environment are rarely defensive of the oil sands' impact. Refusal to bow to pressure from environmental groups is a common topic, but more so is advances in technology that could reduce the impact of the oil sands: research into microorganisms that could aid in the reclamation of tailings pond water or carbon sequestration techniques. Negative stories attack the oil sands as they are, while positive stories tend towards describing what they could be.

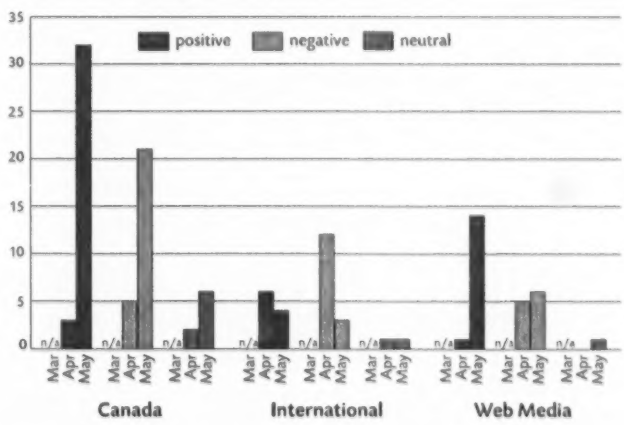
This is especially true for web media coverage. Negative stories are dominant on environmental sites such as Greenpeace, Solve Climate and Treehugger. These sites are quick to condemn the oil sands. Positive stories on web media were split between Statoil rejecting Greenpeace's pressure to withdraw from the oil sands and ways in which the oil sands developers could lessen their environmental impact.

Economic

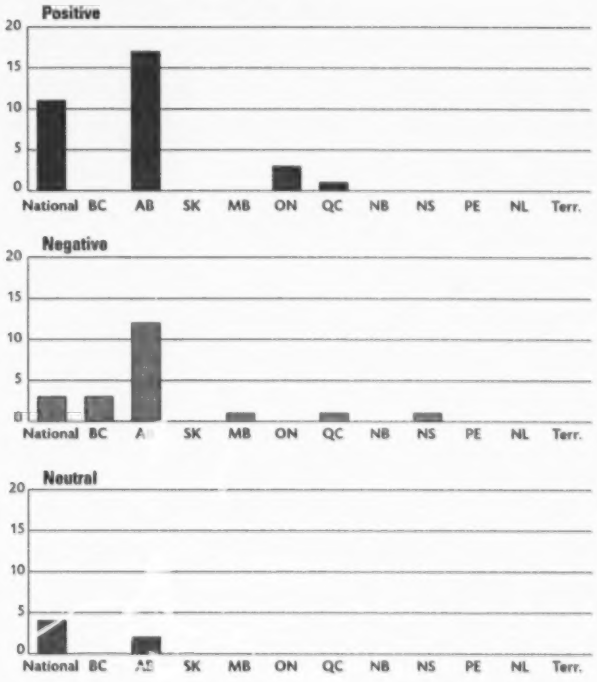
While dropping oil prices and oil patch layoffs dominated the news entering the month, by the end of May news of Imperial moving forward with its Kearl project had the national and internet media buzzing, as well as the New York Times and London's Financial Times.

While web media is unforgiving to the oil sands from an environmental perspective, the economic viewpoint is clearly different. Websites based around stock prices and investments, such as KCI

Economic stories (March-May 2009)



Economic stories by region (May 2009)



Investing and Trading Markets were quick to report on the Kearl project moving forward and the associated signs of recovery in the oil patch, as were websites devoted to the oil and gas industry.

Within Canada, nearly all of the economic news came from the national and Alberta media, with only 10 stories coming out of other provinces. The majority of the negative economic stories from the Canadian media come from Alberta, with 12 negative, 17 positive and two neutral stories. While there is still more positive than negative, the Alberta numbers are still closer than the national media, which posted 11 positive economic stories, three negative and four neutral.

While one might expect that signs of oil patch recovery would drive positive reactions in Alberta, not all the news from increased activity was good for the province. The relatively large number of negative stories came from concerns that while development of the oil sands is picking back up, refinement of the bitumen, along with the associated capital investment and job creation, will be moved to the US. Also, complaints from Alberta's official opposition that the current royalty rates were too low continued to generate media attention in May.

Key Stories

The KAIROS group's tour of the oil sands was one of the most often reported stories in May, with 15 stories in Canada and eight mentions from web media. KAIROS stories always had an environmental bent: even though the economic benefits of the oil sands were also part of the group's investigations, their inspection into the environmental impact was typically the focus. Prior to the group beginning their tour, the stories were primarily neutral: coverage focussed on the fact that this inspection by church leaders was occurring without, in most cases, making any deeper commentary into the environmental impact they were inspecting. The recommendations of the KAIROS group were for more government intervention, and for development to be slowed until a better plan to deal with the environmental impact can be made. As such, stories reporting on this recommendation were almost entirely negative. As the group made their recommendations late in May, it remains to be seen if this story will have any lasting impact.

While the KAIROS group did not receive any international coverage beyond web media, the two reports from CERA and the CFR were better received, no doubt partially due to being released by American organizations. The CERA and CFR reports were covered by the New York Times, Wall Street Journal and Scientific American in addition to their coverage in Canadian and web media.

Coverage of the reports was varied. Both reports made positive and negative comments on the oil sands, so whether a story was positive, negative or neutral was largely determined by the angle the reporter chose to cover. In the international media, the CFR report received neutral coverage, as its claims that the oil sands are neither as key to energy security nor as responsible for climate change as advocates and detractors claim was well suited to impartial coverage. The CERA report's coverage was more divided, with most stories covering either its claim that the oil sands are crucial to energy security or its statement that oil sands oil has 5-15% higher carbon emissions, but seldom both. The web media had only one neutral story on either report, with most of the coverage swinging either to positive (oil sands are important to energy security, can find balance with environmental concerns) or negative (carbon emissions, criticism that CFR report neglects environmental damage beyond climate change). ■

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